

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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March 4, 2003

FROM: **RUDY LOPEZ**, Director
 Department of Behavioral Health

MARK UFFER, Director
 Arrowhead Regional Medical Center

**SUBJECT: AGREEMENT BETWEEN DEPARTMENT OF BEHAVIORAL HEALTH AND
 ARROWHEAD REGIONAL MEDICAL CENTER FOR PSYCHIATRIC SERVICES**

RECOMMENDATION: Approve agreement with the Department of Behavioral Health (DBH) and Arrowhead Regional Medical Center (ARMC) in an annual amount not to exceed \$24,810,686 for psychiatric inpatient and emergency services for the period of July 1, 2002 through June 30, 2003.

BACKGROUND INFORMATION: The purpose of this agreement is to define the clinical and financial arrangements between DBH and ARMC, for the period of July 1, 2002 through June 30, 2003. This agreement is for psychiatric services provided to County of San Bernardino (County) clients who are seen at the County's psychiatric emergency services facility and/or admitted to the County's psychiatric inpatient unit located at ARMC. On June 5, 2001, the Board of Supervisors approved the agreement between DBH and ARMC (Item #093) for the operation of the psychiatric inpatient unit at ARMC for FY 01/02. Ongoing negotiations between the two departments have occurred throughout FY 02/03 to further define these terms and conditions.

This agreement for FY 02/03 includes arrangements that DBH and ARMC have made regarding the following: reimbursement rates for services, the review process of the medical necessity of services and the quality of care and utilization, the processing of client transfers, and discharge planning.

ARMC estimates a contract value of \$24,810,686 for FY 02/03. These estimates are based on an average census that the psychiatric inpatient unit operates at 56-65 beds a day for 365 days, the reimbursement for outpatient psychiatric services delivered in their emergency room, and a pro-rated share of debt service reimbursement. Details of the major agreement changes are as follows:

- An inpatient day will be reimbursed at the State Schedule of Maximum Allowance (SMA) Rate of \$838.20 instead of a Negotiated Rate (which under the last agreement was \$620.00 per day).
- DBH and ARMC will jointly implement the Glendale Hospital court decision for the purpose of reducing denied administrative inpatient days. The Glendale Hospital court decision basically eases the documentation standards for administrative day stay which will likely reduce the number of payment denials associated with patients awaiting placement in appropriate facilities/programs following conclusion of inpatient treatment.
- DBH will reimburse ARMC \$2,626,234 for a pro-rated share of the debt service.

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This agreement is being submitted at this time, as ongoing negotiations were necessary to further define clinical operations and financial arrangements.

REVIEW BY OTHERS: The agreement and agenda item have been coordinated between DBH and ARMC Directors and financial staff. The agreement has been reviewed and approved as to form by Deputy County Counsel Charles J. Larkin on February 13, 2003. This item has also been reviewed by County Administrative Office, Beatriz Valdez, Administrative Analyst on February 19, 2003.

FINANCIAL IMPACT: This agreement represents no local cost and is fully funded with revenues received from State Realignment, Federal Medicaid, insurance companies and patients. The cost for these services was anticipated and is included in DBH's approved FY 02/03 budget.

SUPERVISORIAL DISTRICT(S): All

PRESENTERS: Rudy Lopez, DBH Director, 387-7024
Mark Uffer, ARMC Director, 580-6150

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